

## **CIT SOLUTIONS PTY LTD**

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### **Objectives**

CIT Solutions Pty Ltd is a company owned by the Canberra Institute of Technology (CIT), and which operates under the CIT's status as a Registered Training Organisation (RTO). CIT Solutions is focussed on providing customised training, education and consultancy services in the ACT, Australia and internationally. To provide these services it draws on the expertise of the academic staff of CIT, as well as contractors and consultants from industry and academia.

CIT Solutions provides most of the CIT's commercial activities through a range of services that include:

- delivering a wide range of nationally accredited qualifications, short accredited programs and personal development and leisure programs;
- providing a wide range of consultancy services including:
  - research and feasibility studies;
  - training and skills needs analyses; and
  - the design and development of customised systems, programs and resources as well as accreditation services.
- providing individualised training in more than 80 languages; and
- co-ordinating CIT's international activities including marketing, student recruitment, student pastoral care, student accommodation and off-shore education activities.

### **2008-09 Priorities**

Strategic and operational issues to be pursued in 2008-09 include:

- developing CIT's capacity to undertake commercial activity through the establishment of a new business development unit within CIT Solutions to manage commercial work;
- improving the profitability of business lines through regular reviews to assess viability, market position and the cost of programs being delivered;
- delivering quality programs and services through the development of new programs and the integration of e-learning principles into program delivery;
- strengthening working relationships to win and successfully deliver new commercial projects;
- enhancing capacity to do business by providing high quality facilities; and
- continuing to support staff and contractors to optimise their job satisfaction, work outputs, and capability to interact with clients through professional development activities, and better succession planning.

## Estimated Employment Levels

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2007-08 Budget	Staffing (FTE)	2007-08 Est. Outcome	2008-09 Budget
64	Staffing (FTE)	68	68

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## CIT Solutions Operating Statement

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
8,274	User Charges - Non ACT Government	9,078	9,343	3	9,617	9,773	9,970
1,113	User Charges - ACT Government	2,516	2,569	2	2,619	2,655	2,696
180	Interest	151	167	11	170	172	172
10	Other Revenue	160	160	-	130	130	131
<b>9,577</b>	<b>Total Revenue</b>	<b>11,905</b>	<b>12,239</b>	<b>3</b>	<b>12,536</b>	<b>12,730</b>	<b>12,969</b>
<b>Gains</b>							
<b>0</b>	<b>Total Gains</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>9,577</b>	<b>Total Income</b>	<b>11,905</b>	<b>12,239</b>	<b>3</b>	<b>12,536</b>	<b>12,730</b>	<b>12,969</b>
<b>Expenses</b>							
4,474	Employee Expenses	5,441	5,534	2	5,622	5,680	5,759
369	Superannuation Expenses	469	478	2	489	497	505
3,259	Supplies and Services	4,459	4,603	3	4,734	4,841	4,962
57	Depreciation and Amortisation	54	64	19	74	74	74
402	Other Expenses	452	460	2	436	446	457
<b>8,561</b>	<b>Total Ordinary Expenses</b>	<b>10,875</b>	<b>11,139</b>	<b>2</b>	<b>11,355</b>	<b>11,538</b>	<b>11,757</b>
<b>1,016</b>	<b>Operating Result</b>	<b>1,030</b>	<b>1,100</b>	<b>7</b>	<b>1,181</b>	<b>1,192</b>	<b>1,212</b>

## CIT Solutions Balance Sheet

Budget as at 30/6/08 \$'000		Est.Outcome as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Var %	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000
<b>Current Assets</b>							
2,908	Cash and Cash Equivalents	2,354	2,518	7	2,757	3,038	3,339
1,075	Receivables	1,867	1,913	2	1,960	2,008	2,059
82	Other	151	151	-	151	151	151
<b>4,065</b>	<b>Total Current Assets</b>	<b>4,372</b>	<b>4,582</b>	<b>5</b>	<b>4,868</b>	<b>5,197</b>	<b>5,549</b>
<b>Non Current Assets</b>							
201	Property, Plant and Equipment	177	224	27	266	278	290
<b>201</b>	<b>Total Non Current Assets</b>	<b>177</b>	<b>224</b>	<b>27</b>	<b>266</b>	<b>278</b>	<b>290</b>
<b>4,266</b>	<b>TOTAL ASSETS</b>	<b>4,549</b>	<b>4,806</b>	<b>6</b>	<b>5,134</b>	<b>5,475</b>	<b>5,839</b>
<b>Current Liabilities</b>							
447	Payables	575	621	8	668	716	767
516	Employee Benefits	495	503	2	503	503	503
650	Other	735	735	-	735	735	735
<b>1,613</b>	<b>Total Current Liabilities</b>	<b>1,805</b>	<b>1,859</b>	<b>3</b>	<b>1,906</b>	<b>1,954</b>	<b>2,005</b>
<b>Non Current Liabilities</b>							
38	Employee Benefits	28	31	11	31	32	33
<b>38</b>	<b>Total Non Current Liabilities</b>	<b>28</b>	<b>31</b>	<b>11</b>	<b>31</b>	<b>32</b>	<b>33</b>
<b>1,651</b>	<b>TOTAL LIABILITIES</b>	<b>1,833</b>	<b>1,890</b>	<b>3</b>	<b>1,937</b>	<b>1,986</b>	<b>2,038</b>
<b>2,615</b>	<b>NET ASSETS</b>	<b>2,716</b>	<b>2,916</b>	<b>7</b>	<b>3,197</b>	<b>3,489</b>	<b>3,801</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
2,595	Accumulated Funds	2,696	2,896	7	3,177	3,469	3,781
20	Reserves	20	20	-	20	20	20
<b>2,615</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>2,716</b>	<b>2,916</b>	<b>7</b>	<b>3,197</b>	<b>3,489</b>	<b>3,801</b>

**CIT Solutions  
Cash Flow Statement**

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
	<b>Receipts</b>						
9,387	User Charges	11,594	11,912	3	12,236	12,428	12,666
180	Interest Received	151	167	11	170	172	172
10	Other Revenue	160	160	-	130	130	131
<b>9,577</b>	<b>Operating Receipts</b>	<b>11,905</b>	<b>12,239</b>	<b>3</b>	<b>12,536</b>	<b>12,730</b>	<b>12,969</b>
	<b>Payments</b>						
4,830	Related to Employees	5,890	5,995	2	6,111	6,176	6,263
3,259	Related to Supplies and Services	4,466	4,609	3	4,734	4,841	4,962
402	Other	452	460	2	436	446	457
<b>8,491</b>	<b>Operating Payments</b>	<b>10,808</b>	<b>11,064</b>	<b>2</b>	<b>11,281</b>	<b>11,463</b>	<b>11,682</b>
<b>1,086</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>1,097</b>	<b>1,175</b>	<b>7</b>	<b>1,255</b>	<b>1,267</b>	<b>1,287</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
	<b>Payments</b>						
111	Purchase of Property, Plant and Equipment	111	111	-	116	86	86
<b>111</b>	<b>Investing Payments</b>	<b>111</b>	<b>111</b>	<b>-</b>	<b>116</b>	<b>86</b>	<b>86</b>
<b>-111</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-111</b>	<b>-111</b>	<b>-</b>	<b>-116</b>	<b>-86</b>	<b>-86</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
	<b>Payments</b>						
900	Dividends to Government	900	900	-	900	900	900
<b>900</b>	<b>Financing Payments</b>	<b>900</b>	<b>900</b>	<b>-</b>	<b>900</b>	<b>900</b>	<b>900</b>
<b>-900</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>-900</b>	<b>-900</b>	<b>-</b>	<b>-900</b>	<b>-900</b>	<b>-900</b>
<b>75</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>86</b>	<b>164</b>	<b>91</b>	<b>239</b>	<b>281</b>	<b>301</b>
<b>2,833</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>2,268</b>	<b>2,354</b>	<b>4</b>	<b>2,518</b>	<b>2,757</b>	<b>3,038</b>
<b>2,908</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>2,354</b>	<b>2,518</b>	<b>7</b>	<b>2,757</b>	<b>3,038</b>	<b>3,339</b>

## CIT Solutions Statement of Changes in Equity

Budget as at 30/6/08 \$'000		Est.Outcome as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Var %	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000
2,499	<b>Opening Balance</b>	2,586	2,716	5	2,916	3,197	3,489
	<b>Accumulated Funds</b>						
1,016	Operating Result for the Period	1,030	1,100	7	1,181	1,192	1,212
	<b>Reserves</b>						
1,016	<b>Total Income And Expense For The Period</b>	1,030	1,100	7	1,181	1,192	1,212
	<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>						
-900	Dividend Approved	-900	-900	-	-900	-900	-900
2,615	<b>Closing Balance</b>	2,716	2,916	7	3,197	3,489	3,801

### Notes to the Budget Statements

Significant variations are as follows:

#### *Operating Statement*

- user charges - non ACT Government:
  - the increase of \$0.804 million in the 2007-08 estimated outcome from the original budget relates to an increase in training programs provided to Commonwealth Government agencies and a new business development initiative to contract manage new commercial work for Canberra Institute of Technology (CIT) of which CIT Solutions retains a percentage of earnings; and
  - the increase of \$0.265 million in the 2008-09 Budget from the 2007-08 estimated outcome relates to the on-going development of commercial work for CIT.
- user charges - ACT Government: the increase of \$1.403 million in the 2007-08 estimated outcome from the original budget relates to an increase in training programs provided to ACT Government agencies and an increase in international student management fee payments from CIT as a result of an increase in enrolments in 2007 and 2008.
- interest: the decrease of \$0.029 million in the 2007-08 estimated outcome from the original budget is due to lower cash levels resulting from a combination of higher receivables and higher dividend payment than previous years.
- other revenue: the increase of \$0.150 million in the 2007-08 estimated outcome from the original budget is due to receipt of AUSAID funded scholarships for CIT international students and international student recruitment marketing funds to be held on behalf of the Team Canberra consortium (which comprises representatives from each tertiary education institute in the ACT).

- employee expenses:
  - the increase of \$0.967 million in the 2007-08 estimated outcome from the original budget relates to wage increases and increased staffing levels to meet the increased demand for training programs and administer the business development initiative; and
  - the increase of \$0.093 million in the 2008-09 Budget from the 2007-08 estimated outcome relates to employee wage increases.
- superannuation expenses: the increase of \$0.1 million in the 2007-08 estimated outcome from the original budget is due to increased staffing levels.
- supplies and services:
  - the increase of \$1.2 million in the 2007-08 estimated outcome from the original budget is due to increased payments to CIT for the projects being undertaken through the new business development contracts, an increase in contracted trainers to meet the additional demand for training from government agencies, and increased costs in managing higher numbers of international students; and
  - the increase of \$0.144 million in the 2008-09 Budget from the 2007-08 estimated outcome relates to the expected increase in activity of the CIT business development initiative.
- depreciation and amortisation: the increase of \$0.010 million in the 2008-09 Budget from the 2007-08 estimated outcome reflects leasehold improvements carried out in 2007-08.

#### *Balance Sheet*

- current assets: the increase of \$0.307 million in the 2007-08 estimated outcome from the original budget reflects the higher level of receivables at year end due to increased training activity, including CIT commercial business projects.
- property, plant and equipment:
  - the decrease of \$0.024 million in the 2007-08 estimated outcome from the original budget is due to depreciation of IT equipment and motor vehicles which are being replaced through operating leases; and
  - the increase of \$0.047 million in the 2008-09 Budget from the 2007-08 estimated outcome relates to the completion of leasehold improvements.
- total liabilities: the increase of \$0.182 million in the 2007-08 estimated outcome from the original budget relates to an increased level of payables at year end due to increased training activity together with more revenue held in advance for training programs expected to be partially complete at 30 June 2008.

